

Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 AF-10 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 CEA-02 STR-08

DODE-00 PM-07 H-03 L-03 NSC-07 PA-04 PRS-01 SS-20

USIA-15 AGR-20 DRC-01 SWF-02 /192 W

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FM AMEMBASSY MANAMA BAHRAIN

TO SECSTATE WASHINGTON DC 1122

INFO AMEMBASSY KUWAIT KUWAIT

CONFIDENTIAL MANAMA 0186

E.O. 11652 : GDS

TAGS : PINT, EFIN, BA

SUBJECT : MEASURES TO COMBAT INCREASED COST OF LIVING

REF : MANAMA 0171

1. BAHRAIN'S NATIONAL ASSEMBLY HAS REACTED STRONGLY TO GOVERNMENT'S UNILATERAL DECREE ON STEPS TAKEN TO COMBAT INCREASING COSTS OF LIVING (REFTEL). ASSEMBLY'S FINANCE COMMITTEE ON MARCH 17 ATTACKED AS UNCONSTITUTIONAL THE GOVERNMENT'S FAILURE TO SEEK PRIOR NATIONAL ASSEMBLY APPROVAL OF THE MEASURES. FINANCE COMMITTEE COMPLAINED THAT IT HAS ALREADY EXPENDED A GREAT DEAL OF EFFORT IN PREPARING ITS OWN COMPREHENSIVE REPORT ON THE SUBJECT AND DEMANDED THAT DECREE BE DEBATED.

2. BOWING TO ASSEMBLY DEMANDS, THE GOVERNMENT ALLOWED THE PROPOSAL TO BE DEBATED AND VOTED ON IN THE ASSEMBLY, WHERE RESULTS ARE THAT ASSEMBLY PASSED GOVERNMENT'S MEASURES WITH ONLY SLIGHT MODIFICATION - GRANTING ADDITIONAL INCREASES, CALLED SOCIAL ALLOWANCES, OF

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2 BD/MONTH TO SINGLE GOVERNMENT EMPLOYEES AND 4 BD/

MONTH TO MARRIED EMPLOYEES.

3. GOB HAS PUBLICLY ADMITTED FRICTION BETWEEN GOVERNMENT AND ASSEMBLY, BUT REFERS TO ENTIRE DISPUTE AS "MIS-UNDERSTANDING". GOB SPOKESMAN TOLD ASSEMBLY MEMBERS THAT DECREE WAS ONLY INTENDED TO BE A "WHITE PAPER" CONCERNING A SUPPLEMENTARY BUDGET ITEM WHICH WAS TO BE DEBATED ALONG WITH THE REPORT PREPARED BY THE FINANCE COMMITTEE.

COMMENT: IF GOVERNMENT HAS, IN FACT, ALLOWED ITSELF TO BE BACKED DOWN BY ASSEMBLY, PRECEDENT THUS SET COULD HAVE FAR-REACHING RESULTS. BUT IT IS NOT ENTIRELY CLEAR JUST WHAT HAS HAPPENED HERE. A GALLOPING INFLATION IS AT THE HEART OF MANY DOMESTIC PROBLEMS IN BAHRAIN. BOTH THE GOB AND THE ASSEMBLY ARE ANXIOUS TO TAKE PUBLIC CREDIT FOR DOING SOMETHING EFFECTIVE ABOUT IT. LOOKED AT IN THIS WAY, THE GOB WON A PARTIAL VICTORY BY ISSUING ITS DECREE. BUT THE ASSEMBLY GARNERED CREDIT FOR ITSELF BY REVIEWING THE GOB'S ACTION AND GIVING SOMEWHAT MORE THAN THE DECREE PROVIDED. SO, IN A SENSE, THIS LATEST HASSLE BETWEEN GOB AND ASSEMBLY, AND THERE WILL BE OTHERS, WAS A STANDOFF.

KILLGORE

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